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## UNITED STATES DEPARTMENT OF AGRICULTURE

## AGRICULTURAL ADJUSTMENT ADMINISTRATION

## DIVISION OF MARKETING AND MARKETING AGREEMENTS

**PROPOSED POTATO MARKETING  
AGREEMENT PROGRAM****QUESTIONS AND ANSWERS**

1. **QUESTION:** What is the purpose of the marketing agreement program which is proposed for the potato industry?

**ANSWER:** It aims to help the potato industry improve marketing conditions and returns to growers. It would enable the industry to prevent the shipment of poorer grades of potatoes. This would be accomplished by restricting shipments of 1937 crop potatoes to the better grades and larger sizes, in order to improve prices for potatoes which are shipped to market.

2. **QUESTION:** How is this program made possible?

**ANSWER:** Through a marketing agreement and an order developed under the provisions of the Agricultural Marketing Agreement Act of 1937.

3. **QUESTION:** What is a marketing agreement?

**ANSWER:** A marketing agreement is a voluntary contract between the Secretary of Agriculture and the handlers who sign.

4. **QUESTION:** What is an order?

**ANSWER:** An order is a regulation issued by the Secretary of Agriculture for the purpose of making the provisions of a marketing agreement binding on all handlers. Before an order can be issued, the Secretary of Agriculture must determine that its issuance is favored by at least two-thirds of the producers by number, or by producers of two-thirds of the potatoes involved.

5. **QUESTION:** Why is a marketing agreement program needed?

**ANSWER:** The indicated surplus of the 1937 crop of potatoes available for shipment is far greater than can be absorbed by the markets. This situation has resulted in extremely low prices.

6. **QUESTION:** How large is the indicated crop for 1937?

**ANSWER:** The crop report as of August 1, 1937, estimates the total potato crop of the United States at 402,000,000 bushels. The total late potato crop is expected to be 329,000,000 bushels. The following table shows the production of potatoes in several States:

POTATOES: ESTIMATED 1937 PRODUCTION BY STATE AND GROUP, AUGUST 1, 1937

SURPLUS LATE POTATO STATES: 1,000 bu.		OTHER LATE POTATO STATES—Con. 1,000 bu.	
Maine	51, 015	New Mexico	450
New York	28, 625	Arizona	140
Pennsylvania	26, 390		
3 Eastern	106, 030	2 Southwestern	590
Michigan	31, 130	TOTAL 12 OTHER	
Wisconsin	24, 700	LATE	40, 222
Minnesota	23, 500		
North Dakota	10, 370	30 LATE STATES	328, 992
South Dakota	1, 708		
5 Central	91, 408	INTERMEDIATE POTATO STATES:	
Nebraska	5, 550	New Jersey	10, 092
Montana	1, 995	Delaware	582
Idaho	26, 775	Maryland	3, 500
Wyoming	2, 520	Virginia	10, 810
Colorado	19, 080	Kentucky	4, 418
Utah	2, 077	Missouri	4, 611
Nevada	495	Kansas	2, 618
Washington	8, 750	TOTAL 7 INTERME-	
Oregon	7, 840	DIATE	36, 631
California	16, 250		
10 Western	91, 332	37 LATE AND INTER-	
TOTAL 18 SURPLUS		MEDIATE	365, 623
LATE	288, 770	EARLY POTATO STATES:	
OTHER LATE POTATO STATES:		North Carolina	9, 200
New Hampshire	1, 581	South Carolina	2, 576
Vermont	2, 254	Georgia	1, 116
Massachusetts	2, 394	Florida	4, 080
Rhode Island	774	Tennessee	2, 964
Connecticut	2, 924	Alabama	3, 698
5 New England	9, 927	Mississippi	1, 360
West Virginia	3, 040	Arkansas	3, 268
Ohio	11, 997	Louisiana	2, 666
Indiana	5, 358	Oklahoma	2, 541
Illinois	3, 870	Texas	3, 445
Iowa	5, 440	TOTAL 11 EARLY	
5 Central	29, 705	STATES	36, 914
		TOTAL UNITED	
		STATES	402, 537

Source: Bureau of Agricultural Economics—Crop Report Board.

**7. QUESTION: How does this crop compare with crops in previous years?**

ANSWER: The estimated potato production for 1937 has been exceeded only four times in previous years, and it is about 30,000,000 bushels larger than the average in the 5 years, 1928–32.

**8. QUESTION: What were the average prices in other years of large production?**

ANSWER: In 1912 the average price received by farmers was 57 cents per bushel. In 1922 the average price was 68 cents; in 1928, 57 cents; and in 1934, 45 cents.

**9. QUESTION: What were the prices received by farmers for potatoes in years of small crops?**

ANSWER: In 1919 the average price was \$1.91; in 1925, \$1.56; in 1929, \$1.32; and in 1936, \$1.11.

**10. QUESTION: What are the prospects for potato prices in 1937 if nothing is done to improve conditions?**

ANSWER: The trend of prices is downward, and in view of increased marketings in late potato States, there appears to be no prospect of immediate improvement.

**11. QUESTION: What are the main provisions of the proposed marketing agreement program?**

ANSWER: The main provisions in the agreement are (1) the prohibition of the shipment of cull potatoes, and, (2) upon the recommendation of the control committee, the limitation of shipments of certain other low grades or small sizes of potatoes.

**12. QUESTION: Why should the shipment of cull potatoes be limited?**

ANSWER: Cull potatoes on the market help fix the price of all potatoes, and thus tend to lower the price for the better grades. Shipments of cull potatoes tend to lower prices by increasing the volume and lowering the quality of potatoes at terminal markets. They are often mixed with better potatoes so that consumers may pay prices not justified by quality. The sale of inferior potatoes tends to discredit the reputation of all potatoes shipped from a State.

**13. QUESTION: How would consumers and producers benefit from the proposed potato marketing agreement program?**

ANSWER: The consumer would be assured of better quality potatoes at comparatively little increase in price. In turn, the benefit which the producer would receive would be considerably greater than the small increase in cost which the consumer may pay for the better potatoes. When the consumer buys potatoes he not only pays the price which was received by the producer but, in addition, pays transportation charges, handling costs, dealers' profits, and costs in marketing waste. Such additional costs are proportionately less for high quality than for inferior quality potatoes.

**14. QUESTION: What are the cull potato regulations?**

ANSWER: Under article II of the agreement, no handler may ship in interstate commerce any lot of potatoes which does not at least meet the requirements of the U. S. No. 2 potatoes as defined in the Official Standards for Potatoes issued by the United States Department of Agriculture, effective September 15, 1936, except that a mixture of varieties is permitted and under no circumstances shall the size be less than  $1\frac{1}{2}$  inches in diameter with a standard tolerance of 5 percent by weight.

**15. QUESTION: What other grades and sizes may be included in any regulations which may be put into effect under the marketing agreement program to govern shipments?**

ANSWER: On recommendation of the control committee the Secretary of Agriculture may issue regulations which would prohibit handlers from handling potatoes of other low grades or small sizes of potatoes.

**16. QUESTION: What exemptions are provided for in the agreement?**

ANSWER: No exemptions would be allowed on shipments of cull potatoes in interstate commerce. If further size and grade limitations are put into effect, potatoes of these sizes and grades may still be sold for consumption to charitable and relief agencies, or for

manufacture into starch, alcohol, flour, or other products, or for livestock feed.

**17. QUESTION: May cull potatoes be sold locally?**

ANSWER: Yes, unless such sales are prohibited by State authority.

**18. QUESTION: Does the marketing-agreement program provide for any proration of the quantity of potatoes which may be sold or shipped by any producer or handler?**

ANSWER: No.

**19. QUESTION: How would the potato industry administer the program?**

ANSWER: Through a control committee named by the Secretary of Agriculture from nominations submitted by growers and handlers.

**20. QUESTION: How would administrative expenses be paid?**

ANSWER: If there are no restrictions on shipments other than for cull potatoes, administrative expenses would be very small. In no case, however, can the assessment against handlers who would pay the administrative expenses exceed a few cents per car. This limitation of cost is provided for in the agreement.

**21. QUESTION: How long would the proposed marketing-agreement program be in effect?**

ANSWER: Until July 31, 1938, unless sooner terminated by the Secretary of Agriculture.

**22. QUESTION: How would the order containing the provisions of the agreement be enforced?**

ANSWER: An order when issued has the force and effect of a Federal law, and its violation constitutes an offense which can be prosecuted through the United States district courts.

**23. QUESTION: Will producers have an opportunity to indicate whether they want the potato-marketing-agreement program?**

ANSWER: Yes. All producers will be given an opportunity to vote by ballot in a referendum. In this referendum, to be conducted by the Secretary of Agriculture, producers will indicate whether they favor the issuance of an order which would make the provisions of the proposed potato agreement applicable to all shippers.

**24. QUESTION: How will the balloting be conducted?**

ANSWER: Potato producers may obtain ballots and vote either at meetings which will be held for that purpose, or at other places to be announced. These will usually be the office of the county agricultural agent and the office of the county agricultural conservation committee.

**25. QUESTION: Who is eligible to vote?**

ANSWER: All potato producers.

**26. QUESTION: Who is a potato producer?**

ANSWER: A potato producer is any person (i. e., individual, partnership, corporation, association, or other business unit) who produces potatoes for sale.